

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Kenya

Post: Nairobi

Kenya Corn Situation Update

Report Categories:

Agricultural Situation

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Report Highlights:

FAS/Nairobi expects corn production in Kenya's main producing area to decrease about 15-20 percent in marketing year 2013/2014. The North Rift region supplies over two-thirds of the national corn production. Late planting, reduction in planted area, and most significantly, delays in fertilizer supply and distribution are the reasons for the anticipated decline in production.

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The National Cereals and Produce Board (NCPB), a government parastatal in control of subsidized fertilizer importation and distribution was unable to provide subsidized fertilizer to farmers because its assets are frozen. Most farmers are unable to purchase fertilizer on the commercial market because of high prices, and rely heavily on the subsidized product. Farmers also rely on NCPB for cereal storage (NCPB's storage capacity is 1.8 million metric tons) and for supply of other farm inputs such as seeds. NCPB also manages Kenya's strategic grain reserves. Kenya's grain storage and management of strategic grain reserves could also be affected if this issue with NCPB is not resolved.

NCPB's assets are frozen because it is embroiled in a court case with a private company for breach of contract and the Kenyan government has not intervened to bail out NCPB. The Kenyan Parliament has proposed the establishment of a new organization to specifically deal with timely importation and distribution of fertilizers, but it would be too late for the new organization to provide needed inputs this growing season.

Other factors negatively impacting corn production are a decrease in the area planted with corn, the spread of disease, and rising fuel costs. The portion of high-potential area planted with corn by mid-April of this year was only slightly more than 70 percent, compared to the normal 90 percent, according to a June 2013 report (FEWSNET). Spread of Maize Lethal Necrosis disease in parts of the South Rift region could worsen the decline in national corn production.

Corn prices will likely increase between April and June 2013 due to decline in corn supply as stocks diminish. In addition, increased fuel prices raise transportation and production costs. The maize prices will likely peak in June and gradually decline in September as the long rains harvest starts to replenish stocks in August. The corn production deficit will likely be met by imports from Uganda and Tanzania in August and September 2013.